

STOCKS	
DSEX	CSCX

COMMODITIES	
Gold  \$1,715.50 (per ounce)	 \$31.48 (per barrel)

ASIAN MARKETS		
MUMBAI	TOKYO	SINGAPORE
Closed	▲ 0.79% 19,498.50	Closed
	▲ 0.38% 10,157.61	

CURRENCIES				
\$	USD	€ EUR	£ GBP	¥ CNY
BUY TK	83.95	90.78	103.67	11.78
SELL TK	84.95	94.58	107.47	12.38



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আমাদের অস্থিকার

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## 'Coronavirus is guiding us towards some sort of innovation'

Local firms are rallying in combat with the disease

MUHAMMAD ZAHIDUL ISLAM

Local companies have started producing sophisticated medical devices and much-needed personal protective equipment (PPE), a development that comes as a sigh of relief amid the mounting fear of coronavirus epidemic that has so far claimed 34 lives in Bangladesh.

Some garment factory owners have already made thousands of

state minister for ICT, told The Daily Star.

"Coronavirus is wreaking havoc on our lives and at the same time guiding us towards some sort of innovation," he said, adding that if the local companies can carry on the innovation, it will take the country to a new height.

Palak particularly mentioned the name of Walton that is making ventilators using the patent and

On March 31, the ICT division of the government received the patent, design and source code of ventilators from Medtronic, following which both Walton and Medtronic's research and development team are working closely.

According to the Directorate General of Health Services, Bangladesh currently has just 1,250 ventilators -- 500 in public hospitals and 750 in the private ones -- while

Saturday for free.

"This is the first initiative of manufacturing face shields and safety goggles in the country," Murshed added.

Different garment factories were already making protective suits, masks, gloves, shoe covers and caps for PPEs but making goggles and face shields is a whole another ball game, Walton officials said.

"With the goggles and face shields, PPE manufacturing has now gotten a complete shape in Bangladesh," Murshed said, adding that the country can consider exporting PPEs after this.

Officials of another local electronics manufacturer, Minister Hi-Tech Park, said they have designed a ventilator and sent samples for pre-testing to two private medical colleges.

"After receiving the medical colleges' reports, we will make the necessary changes based on their suggestions and submit those to the authorities concerned for approval," said MA Razzak Khan, founder of Minister Hi-Tech Park.

Khan is hopeful that the design would be approved within this week and from next week they would be able to go for production.

Minister can make about 100 ventilators a day. "But it all depends on the supply of component parts," he added.

Meanwhile, the Military Institute of Science and Technology, an engineering university run by the Bangladesh Armed Forces, has also designed a ventilator and will soon send it for the clinical trial, said Syed Mahfuzur Rahman, head of biomedical engineering department of the institute.

In another development, Snowtex Group, a garment exporter, is leading PPE manufacturing and is in the process of producing 50,000 units, according to Sarkar Mohammad Khaled, its managing director.



pieces of PPE suits, masks, gloves, shoe covers and caps, while tech companies are manufacturing other components of the equipment like face shields and safety goggles.

design of Medtronic, an Ireland-based medical device company run by an iconic Bangladeshi expatriate Omar Ishrak.

The government is monitoring the process of manufacturing ventilators by Walton, according to the state minister.

"We will get a prototype within this week," Palak said, adding that the company will make about 50 ventilators of global standards in the first phase for testing.

it might require thousands more to face the challenges dramatically brought on by coronavirus.

Walton is also making some other medical devices like face shields and safety goggles for the safeguard of physicians and medical assistants, said Golam Murshed, executive director of the company.

The company already made 1,000 pieces of these devices and handed those to the Directorate General of Health Services on

## Defaulters barred from funds meant for affected industries, firms

STAR BUSINESS REPORT

Defaulters would not get any credit facility from the bailout package the government has unveiled for the coronavirus-hit industrial and service sectors, the central bank said yesterday.

The borrowers who have rescheduled their bad loans for more than three times are also not allowed to get loans from the bailout package, which is dedicated to the businesses affected by the coronavirus.

The Bangladesh Bank yesterday set the guidelines of the bailout package amounting to Tk 30,000 crore unveiled last week.

The duration of the package is three years and the affected customers will be allowed interest waiver for a maximum of a year. Borrowers will get the loans as working capital.

As per the guidelines, borrowers will get loans at 4.50 per cent. Banks will enjoy 9 per cent in interest as the central bank will foot the bill for the rest of the interest as subsidy.

The affected clients who have already borrowed from banks will be permitted to take a maximum 30 per cent loans from their existing credit limit. The new borrowers will get 30 per cent loans of their requirement.

The most affected borrowers will be given priority while disbursing loans from the fund and banks will provide the loans from their own coffer.

In a separate move, the central bank has increased the ceiling of loan-deposit ratio to 87 per cent from the existing 85 per cent for conventional banks and 92 per cent from the existing 90 per cent for Shariah-based banks.

The revised ceiling will come into effect from April 15, according to a central bank notice.

This means conventional and Shariah-based banks will be permitted to disburse loans Tk 87 and Tk 92 respectively against clients' deposit of Tk 100, said a central bank official.

The initiative will create room for banks to disburse more loans, which will play a positive role in resolving the ongoing crisis, he said.

The central bank yesterday also took a fresh policy measure for the coronavirus-hit exporters by providing them funds.

As part of the move, exporters will be allowed to take out loans from the Export Development Fund (EDF) of the central bank to settle import payments.

On April 5, the government expanded the EDF from \$3.5 billion to \$5 billion.

Exporters who open back-to-back letters of credit will get the facility. A back-to-back LC involves two letters of credit to secure financing for a single transaction.

The interest rate of the loan is 2 per cent and exporters would have to pay back the fund within six months.

## Public banks can spearhead govt's rescue efforts: WB

STAR BUSINESS REPORT

Public banks in Bangladesh and other South Asian nations can play a positive role in figuring out the impending financial crisis from the coronavirus pandemic by providing financial services to the rural economy, said the World Bank yesterday in a report.

The report styled "The Cursed Blessing of Public Bank" said the lenders had played a positive role during the financial crisis between 2008 and 2010.

Although they suffer from inefficiency and are likely to reduce competition and thus slow innovation, their lending can be countercyclical, and they are more likely than private banks to provide services to people in remote areas and poor people during a recession.

"That is an opportunity in the current crisis," said the Washington-based multilateral lender.

In the current economic situation, public banks are needed to provide countercyclical lending -- as they did during the last global financial crisis.

And in some cases, they may be needed to inject capital into weak private banks.

If financial markets start crumbling due to the economic consequences of COVID-19, then public banks may provide a crucial policy tool to stabilise the banking system and prevent further economic turmoil.

"They will need to support the economic transition in the long-run."

To fulfil these functions -- in addition to strengthening their frameworks and operations -- public banks across the region may require additional capital infusions to address their still weak balance sheets, the report said.

Bangladesh has 60 banks in total, of which 8 are public banks. And public banks have better coverage across districts than private ones.

However, public banks' share of loans to agriculture and micro, small, and medium enterprises (MSME) is not very different from that of private banks.

One reason is that all banks, independent of their ownership, are required to lend a

certain share to agriculture and MSMEs.

Public ownership includes state commercial banks (SCBs) and state development banks (SDBs) -- about 23 and 2 per cent of the banking sector's assets, respectively.

The state-run banks represent nearly 65 per cent of all rural branches, being responsible for 'social safety net' payments and other government services but with limited compensation.

SCBs and SDBs have 53 and 88 per cent of all their branches in rural areas, respectively, while private commercial banks (PCBs) have just 35 per cent, and foreign commercial banks (FCBs) have none.

Credit to agriculture and MSMEs is only a small part of the SCBs' loan portfolios, suggesting a limited developmental impact.

Credit to traditional key targets for improving the incomes of poor and excluded groups (agriculture, fishing, forestry, and MSMEs in the industry) is low for SCBs at just 13 per cent of their total portfolio, which is not that different from PCBs and FCBs at 9 and 6 per cent respectively.

SCBs' loan portfolio is heavily skewed towards large loans, and their branch network in the urban areas largely overlaps that of the private sector.

Nevertheless, part of the credit could be for large infrastructure projects that contribute to development and private banks are less capable to finance.

Despite the benefit of significant rural and state deposits, SCBs fall short in their intermediation function.

SCBs receive a large part of their deposits from the public sector (about 40 per cent) as well as rural areas (about 35 per cent, a benefit of rural branches and implicit government guarantees).

Nevertheless, the credit to deposit ratio of SCBs is the lowest among all bank groups at just 60 per cent.

Combined with SCBs' high default loans and low profitability and capital adequacy, the WB suggested a need for policy#makers to clearly articulate the value proposition of public ownership in the banking sector.



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SIBL  
Global Division

## ECONOMISTS BACK WB'S GDP SCENARIO



### GDP GROWTH PROJECTION LOGICAL

AHSAN H MANSUR

Executive director of Policy Research Institute

The World Bank's projection on GDP growth for fiscal 2019-20 is logical as all economic activities have come to a halt. The GDP growth in the third and fourth quarters will be negative and the government should make an all-out effort to recover the economy from the stringent situation when the lockdown is lifted. A large number of people have already lost their jobs due to the ongoing economic fallout from the coronavirus pandemic. At least 4-5 crore people are struggling to survive their life due to the food shortage. The government should address the issue immediately, or else a social unrest will create. The government is yet to give any declaration on how to cater food to the people. Some relief works are being carried out by district and upazila administrations, but this is not enough at all given the going dreadful crisis. The government should form committee comprising local government representatives, eminent citizens, and staff of NGOs at village or union level to distribute the relief goods to the underprivileged people. The committee will monitor the relief programme in order to prohibit corruption. Both fiscal and monetary policies should be widened with a view to keeping the economy afloat. The government has already taken measures to expand its fiscal programmes by taking bailout packages, which is a time-befitting initiative. Expansionary monetary policy is also important at this moment as such stance help pump required money into the market.



### ARRESTING DOWNTURN TO RELY ON HOW FAST GOVT RESPONDS

KHONDAKER GOLAM MOAZZEM

Research director of Centre for Policy Dialogue

The World Bank has made a dire projection about economic growth. And arresting the downturn in economic growth hangs on how fast the government responds with effective measures to address the Covid-19-induced health and economic emergency. Weakness in tackling the massive health risk will worsen the economic crisis. The ongoing shutdown has hit wide spectrum of the economy from exports, remittance, domestic economic activities to jobs and income, thus increasing the risk of worsening poverty. Some efforts to mitigate the negative impact on the economy are seen in the government's declared measures. But the big challenge is to ensure finances from banks as much as needed. Recovery and arresting the downfall will also depend on the types of steps the government takes to bail out millions of micro and small businesses in the informal sector. The risk of many people becoming poor is very high in the informal sector. More than 98 per cent of 78.18 lakh economic units represent cottage, micro and small-scale enterprises. And 80 per cent of workers in these firms are involved mostly on a full-time basis but largely without proper contracts. About 90 per cent of the firms have no VAT registration and are likely to be out of commercial banking facilities. Hence, these enterprises would find it difficult to get support under the bank-based revolving fund facility. The government may consider a third bailout package for informal sector enterprises along with other affected groups such as farmers to ensure cash flow. The government can also consider giving food and cash support to people in distress in urban areas.



### GDP GROWTH WILL FALL DRAMATICALLY, NO DOUBT

AB MIRZA AZIZUL ISLAM

Former caretaker government adviser

There is no doubt that the country's GDP growth will decrease to a drastic level this fiscal year due to the ongoing shutdown. The government will have to take an expansionary budget to figure out the ongoing crisis. The volume of the social safety net and a good number of incentive measures should be taken on a priority basis. There is no reason to be worried if deficit financing in the next fiscal year becomes wider than usual as this will help give a boost to the economy. But the government should avoid borrowing from the banking sources as it will put an adverse impact on the private sector. Donation and soft loans should be mobilised from the foreign donors and multilateral agencies in order to tackle the situation.